



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 08/27/2021 | Report No: ESRSC02207



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Kenya	AFRICA EAST	P176758	
Project Name	NATIONAL AGRICULTURAL VALUE CHAIN DEVELOPMENT PROJECT (NVCDP)		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	12/2/2021	3/31/2022
Borrower(s)	Implementing Agency(ies)		
Dr. Julius Muia	Prof Hamadi Boga , Principal Secretary, Department of Crops, Ministry of Agriculture, Livestock, Fis		

Proposed Development Objective

To increase market participation and enhance value addition for farmers in selected counties in Kenya

Financing (in USD Million)	Amount
Total Project Cost	200.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

Country Context

Kenya has witnessed strong economic growth and declining poverty incidence, but absolute poverty still remains high. Over 2015-2019, Kenya was one of the fastest growing economies in Sub-Saharan Africa, with average economic growth of 5.7 percent. Kenya’s poverty headcount rate declined from 43.7 percent in 2006 to 36.8 percent in 2015 and is estimated to have decreased further to 33.4 percent in 2019, based on the historical relationship between growth and poverty. While this is below the average in Sub-Saharan Africa, still about 1 in 3 people live below the



international poverty line (US\$1.90 per day in 2011 Purchasing Power Parity/PPP). Kenya’s Human Development Index value for 2019 is 0.601, which put the country in the medium human development category—positioning it at 143 out of 189 countries and territories. With a score of 0.55, the World Bank Human Capital Index 2020 places Kenya third in Sub-Saharan Africa, after Seychelles and Mauritius.

In 2020, Kenya’s economy has been hit hard by COVID-19, severely affecting incomes, and jobs with short term outlook still volatile. Kenya’s real GDP contracted by an estimated 0.3 percent in 2020 . The pandemic disrupted international trade and travel, severely affecting exports and tourism. Domestic containment measures curtailed services activities including education, transport, trade, and hospitality services—and businesses slashed investment spending. The COVID-19 pandemic reversed some of the earlier gains in poverty reduction through a decline in job opportunities evident from the unemployment rate of 10.4 percent, highest in four years unemployment rate increased to a four-year high of 10.4 percent in June 2020 . While strong growth in agriculture aided by good rainfall cushioned the economic impact of the pandemic, projected shortfall in the long rains season is expected to result in food insecurity for millions of households. The economy is expected to rebound in 2021, although uncertainty remains elevated. Aided by a projected recovery in private consumption and the reopening of education institutions, growth will recover to 4.5 percent in 2021 and remain at 5.3 percent on average over 2022–23. However, delayed vaccination, fiscal slippages, adverse weather conditions, and more severe global recession could challenge the projected recovery in the medium term. For sustainable poverty reduction and economic growth, investments into inclusive policy interventions like raising agricultural productivity, creating private sector jobs, and maintaining and enhancing safety net programs is needed.

Sectoral and Institutional Context

The agriculture sector is central to long term economic growth and sustainable poverty reduction in Kenya. The agricultural sector contributes to nearly 60 percent of the total GDP (approximately 33 percent directly and another 27% through linkages with other sectors) The sector employs more than 40 percent of the total population and 70 percent of the rural population. Between 2005-06 to 2015-16, households with agriculture as the primary source of income (including both crop income, livestock income, and earning of wage workers in the agricultural sector) accounted for 27.6 percent of overall poverty reduction . Agricultural incomes (from crops, livestock and fishing) account for 64 percent of the income sources of the poor and 53 percent of income sources for the non-poor . Agriculture is also responsible for most of the country’s exports, accounting for up to 65 percent of exports in 2017. Consequently, the sector remains central to GDP growth and poverty reduction.

Higher productivity and commercialization of agriculture can significantly reduce poverty incidence and enhance farmer incomes. Between 2005/06 and 2015/16, the country’s level of agricultural commercialization increased as measured by households selling a higher share of their production in markets. Considering stagnant agricultural yields, better access to markets because of infrastructure and digital technologies is the likely cause for higher levels of commercialization in the sector and improved farmer incomes. Poverty incidence among agriculture households decreases as they start selling produce in markets . Only 26 percent of market-oriented households (selling some part of output in the market) are poor as compared to 38 percent of subsistence households (producing output only for self-consumption). Conversely, 50 percent of non-poor households are market participants as opposed to 37 percent poor households. Market oriented households have higher usage rate of inorganic fertilizers (66 percent land covered as compared to 53 percent in subsistence households) and irrigation, spend significantly higher on inputs as



compared to subsistence households and exhibit much higher crop diversity. In 2015/16, about 60 percent of households did not sell any of their produce in the market, while only 4 percent of households sold all their crop production and engaged in purely commercial agriculture. Going forward, any sustainable agriculture growth strategy must place a strong focus on aggregation, commercialization and enhancing market participation for farmers esp. purely subsistence farmers, while boosting productivity through improved access to quality inputs and extension services.

Kenya's Agricultural Sector Transformation and Growth Strategy (ASTGS) lays down framework for sectoral interventions for next decade, with a combined focus on small-farmer income enhancement, agriculture commercialization, food security and resilience. The strategy has three main pillars: Firstly, raising incomes of small-scale farmers, pastoralists and fisherfolks through farmer facing enterprises supporting provision of inputs, equipment, processing, and post-harvest aggregation. This pillar also envisions a shift in nationwide subsidy programme focus to empower almost 1.4 million registered high needs farmers through e-vouchers. Secondly, increasing agricultural output and value-added through large scale agro-processing hubs and large private firms. Thirdly, boosting household food resilience farming through community-driven design of interventions in pastoralist and fishing households in arid and semi-arid lands (ASALs). The sector is also part of the Big 4 priority sectors which are expected to drive the government's inclusive growth agenda over the medium term. The Big 4 agenda for agriculture is to attain 100 percent nutritional and food security for all Kenyans by 2022.

The GoK has initiated several forward-looking agriculture sector reforms, foundational to removing key market distortions and bringing higher inclusivity, efficiency, and resilience through the support of the World Bank. GoK is transforming its delivery mechanism of subsidized inputs, through e-vouchers to address the inefficiencies of the traditional paper-based mechanism. This was one of the key policy reforms that were undertaken as part of the Development Policy Operation (DPO) funded by the World Bank in 2019. With the e-voucher program, the Government has rescinded its decade long practice of direct importation and distribution of fertilizers by government agencies and is enabling farmers to use their e-vouchers to purchase various agriculture inputs (including fertilizers) from private sector agro-input dealers, providing them freedom of choice for both source and type of inputs. E-vouchers agriculture inputs are contributing to better targeting of resources to small holder farmers through electronic verification. GoK has also passed the Warehouse Receipt System (WRS) Act (also as part of the DPO in 2019), paving the way for large scale implementation of a warehouse receipt system. WRS at scale can significantly benefit small-holder farmers through improved access to credit, choice to store or sell and shortening supply chains by bringing processors/institutional buyers directly to farmers. The establishment of a Commodities Exchange can help address inefficiencies in the supply chain resulting from limited storage capacity, lack of post-harvest services and poor access to input markets. Further, the Commodities Exchange complements the warehouse receipt system, as it will require warehouses to be upgraded to approved standards and will help create a liquid market that provides the producers much-needed direct access to buyers, including international buyers. All the above reforms have created an enabling environment for more market driven interventions and for greater private sector participation in the agriculture sector in Kenya.

The National Agricultural and Rural Inclusive Growth Project (NARIGP) has laid down a strong foundation for commercialization of agriculture in Kenya. NARIGP was launched in 2016 with the objective of increasing agricultural productivity and profitability of targeted rural communities in selected counties in Kenya. It has thus far benefitted 478,937 smallholder farmers organized into 19,342 Common Interest Groups (CIGs) engaged in diverse commodity value chains across 21 counties. The project has funded 10,960 micro-project investments to a tune of KES 3.4 billion



(USD 33.4 m), aimed at building farmer capacity for adopting productivity enhancing technologies, innovations and management practices (TIMPs). 1,497 trained community-based facilitators (CBFs) are anchoring participatory extension services delivery to farmers through the farmer field schools (FFS) methodology. At mid-term stage, the project has achieved a 15 % yield increase in the selected priority agricultural value chains supported by the project. To build farmer capacity for effective value chain participation, 288,515 farmers have been federated into 314 farmer producer organizations (POs), and an additional 40 coffee cooperatives have been competitively selected for support under the Coffee Revitalization Initiative; 259 POs have received inclusion and capacity development grants while 177 POs have developed bankable Enterprise Development Plans (EDPs). 85 public private partnerships have been established between supported POs and private sectors firms to improve service delivery to participating farmers. 25 % of the POs supported by NARIGP have reported increased profitability. NARIGP's extensive investment approach has thus created a strong foundation for enhanced commercialization of agriculture sector, paving way for next generation of intensive investments into select high potential value chains.

While the focus of the Kenya Climate Smart Agriculture Project (KCSAP) has been in enhancing climate resilience, value chain approaches have been piloted in the 24 KCSAP counties as well. This can be evidenced from the fact that the project has already mobilized nearly 9,530 Common Interest Groups (CIGs) covering 261,000 farmers. In addition, 151 Farmer Producer Organizations (FPOs) have been mobilized thus far, covering 155,000 farmers. A total of 638 Technologies, Innovations and Management Practices (TIMPs) across 19 value chains are ready for upscaling and several are being disseminated to all 45 counties under NARIGP and KCSAP.

Investment on Digital Solutions across agriculture value chains is foundational to commercializing small farmer agriculture by boosting productivity, efficiency, and competitiveness. Kenya has a thriving ecosystem of digital innovations and solutions that are disrupting the status quo in Kenyan agriculture by transforming delivery of a wide range of services to smallholder farmers and agribusinesses. However, most of them continue to have limited outreach. Use of Big Data and Digital Agricultural Technologies (DATs) under KCSAP and NARIGP have provided early insights into an effective engagement model that can bring technology into small-farmer systems. With support from KCSAP and NARIGP, Kenya Agriculture and Livestock Research Organisation (KALRO) has developed the Big Data Platform & the Kenya and Agricultural Observatory Platform (KAOP). KALRO's rich database of nearly 1 million farmers with spatial data and farmer details is being utilized to provide integrated agro weather and market information to farmers and agricultural institutions. 650 climate smart agriculture practices across 19 value chains have been digitized for delivery to farmers via an App, IVRS or through a website. The World Bank facilitated Digital Agriculture Conference in 2019 resulted in formation of a Disruptive Agriculture Technologies (DAT) platform with 14 high potential Ag-tech startups signing formal MoUs with 16 select counties. These startups are supporting provision of digital solutions in the areas of extension, credit, agro-advisory and market linkage to 120,000 farmers across 16 counties. The platform has now been expanded to include 23 startups and partnerships are being facilitated with 10 more counties bringing the cumulative counties to 26. The proposed project will build on the big data platform and DAT initiative by adopting the approach of universalizing deployment of Ag-tech solutions across selected value chains.

The proposed project aims to support selected priorities within the government's long-term strategy for the agriculture sector and complements ongoing World Bank projects. The project is focused on supporting several key outcomes complementing the GoK's vision to support small holders transitioning from subsistence to market driven commercial agriculture. These are: (i) Value Chain driven integrated investment planning (ii) Building producer capacity through enhanced access to credit and extension services;(iii) Developing and strengthening farmer facing



producer organizations that can support collective marketing and value addition; (iv) Integration of Digital Agriculture solutions across all segments of value chains; v) facilitating large scale roll out and access to Ag reforms like e-vouchers, warehouse receipt and commodity exchange; (vi) Building stronger farmer-consumer market linkages with food systems focused production and marketing in select urban clusters and (vii) Support efficient value chains by linking project supported FPOs and farmer groups with digital aggregators and e-commerce platform like Twiga. This project will complement and build on other interventions by the World Bank that support the government's Big Four agenda: Kenya Climate Smart Agriculture Project (P154784); National Agricultural and Rural Inclusive Growth Project (P153349); proposed Kenya Marine Fisheries and Socio-economic Development Project (P163980); and the Program to Strengthen Governance for Enabling Service Delivery and Public Investment in Kenya (P161387). The operation also complements interventions by other development partners in support of the Big Four agenda.

Relationship to CPF

The proposed project would help to fulfill three objectives of the Country Partnership Framework (2014-18) in two priority domains. Firstly, it would help to achieve the high-level objective of improving agricultural productivity and sustainability in Domain 1 (Competitiveness and sustainability: Growth to eradicate poverty), and it would also assist in achieving the two high-level objectives of operationalizing the framework for local decision making and smooth delivery of decentralized services in Domain 3 (Consistency and equity: Delivering a devolution dividend) . The proposed project is also well aligned to the Systematic Country Diagnostic for Kenya. It will contribute immensely to the first identified pathway (boosting Productivity and Job Creation by helping Kenya reduce poverty and boost shared prosperity through increasing agricultural productivity, creation of new jobs and enhanced value-added output. The project is also well aligned to the proposed Country Partnership Framework for the period of FY 2022-2027, strongly supporting the first pillar of Boosting productivity, job creation and incomes and will contribute to the objectives of small producer success as well as eliminating food insecurity and vulnerability to climate change.

Concept Description

The proposed project will implement the following approach. (i) Firstly, it will identify 6 to 8 commodities/value chains for intensive investments along the value chain based on key analytics while ensuring adequate representation of the different agro ecological zones/regions in Kenya. For each of the commodities, county level as well as regional value chain development plans will be finalized, identifying set of investments crucial to the achievement of shared objectives. These plans will clearly outline pathways for private sector engagement, ecosystem investments envisaged from the regional government and Ag-tech solutions most relevant to the specific commodity and region, (ii) In the selected value chains, the capacity of the existing or new farmer groups will be built through strong community based digital extension systems, micro-investments for demonstration of production technologies and support for access to credit, (iii) FPOs will receive infrastructure and working capital support and technical assistance to build capacity for delivering a range of services like inputs, extension and value addition to member farmers/farmer groups. Productive alliance approaches will be undertaken to build market capacity of these FPOs through linkage with commercial and private sector entities like Agribusiness SMEs engaged in value addition, anchor agribusiness firms, e-commerce companies and large AG tech startups with support for business development, technical assistance and part financing. This approach will also generate new jobs and enterprises at various levels in supported value chains, (iv) In the selected value chains, the project will also support the e-voucher program so that farmers and farmer groups could access vital input support, (v) Complementary investments at the county and national level will be



supported for necessary enabling infrastructure (irrigation infrastructure, processing infrastructure or market infrastructure etc.) for enhanced agriculture commercialization (vi) Incubation and training of women and youth from local communities to emerge as Agri-entrepreneurs (Agripreneurs) will be scaled up for provision of bundled services (inputs, extension, credit and market linkages) to farmers. These are expected to emerge as meaningful private sector jobs in rural economy as Agripreneurs will earn incomes through transaction charges from the private sector for delivery of above services (vii) Farmer-consumer market linkages will be developed in select urban clusters through dedicated Urban Food System pilots with end-to-end traceability mechanisms and appropriate interventions that enhance food safety , operationalizing farmer markets and institutional linkages. The above approach will be undertaken through the following components.

Component 1: Building Producer capacity for stronger value chains (60 Million USD) : Component 1 is focused on building producer level capacity for enhanced market participation and transition towards commercial agriculture with farmer groups and farmer producer organizations (FPOs) as primary platforms for program delivery. The component will drive sustainable productivity enhancement, safe food production and increased market participation for project farmers. The component will function via the following complementary pathways.

1.1 Farmer level value chain investments: The sub-component will build the market participation capacity of farmer groups through micro-investments aimed at demonstrating technology, innovations and management practices (TIMPs) for enhanced productivity and resilience. These TIMPs would be specifically tailored to the selected commodity value chains to ensure micro-investments help in building increased production and in turn marketing capacity at farmer level. Under the NVCDP, a sub set of the 30,000-plus CIG//VMGs mobilized under the existing projects will receive micro project investments through the established structures of the community driven development committees (CDDCs) committees Micro project investments may also include supporting soil and land management activities that can build more resilient production systems. Community level extension systems will be strengthened by linking participating farmer groups with Farmer Field School (FFS) and trained facilitators equipped with digital extension systems. Farmers will be supported to adopt value addition-oriented activities including processing grade varieties, post-harvest management and primary processing, wherever feasible. Focus will be on facilitating digital access to a wide range of services including working capital credit, real time agro advisory, transparent price discovery and market information.

1.2 FPO level value chain investments: This sub-component will build aggregation and market participation capacity of farmers through stronger FPOs. Consistent technical assistance support will be extended to build techno-managerial capacity of FPOs. The project will facilitate partnerships between the FPOs and commercial entities like Agribusiness SMEs doing value addition, anchor agribusiness firms, e-commerce companies and large ag-tech startups through business development, technical assistance and part financing. FPOs will support access to high quality inputs through institutional linkages with suppliers, extension services throughout the production cycle, price discovery, aggregation, primary grading and sorting of farmer produce and small-scale value addition. Efforts will be made to onboard project supported FPOs on the newly launched commodity exchange platform to widen available markets. Investments will also be made in establishing necessary federations of lower level FPOs to take advantage of economies of scale in investments related to value addition, processing and other market penetration initiatives. The component will also support other value chain upgrading investments targeted at addressing any gaps identified along all the segments of the value chain for the selected commodities. Digital investments will also be made to enhance governance and management of the FPOs and thereby bring in greater efficiencies in the management of the



FPOs. Both the FPOs and the CIGs will be linked up with the Big data platform so that they are able to access integrated and on time agro weather, market and agronomic advisory services on a reliable and predictable manner.

1.3 Enabling Access to Financial services for CIGs and FPOs: This sub-component will focus on enabling enhanced access to financial services both at the CIG level and at the FPO level. This will be done through the following set of activities a) Provision of revolving fund in the form of grants to the CIG through the CDDC to enable the CIGs to access small loans within the groups. The project will invest in developing digitally and data enabled credit score for 500,000 farmers targeted under this project, enhance their financial management capacity and work closely with commercial banks, SACCOs and Micro Financial Institutions (MFIs) to enable access to credit b) Linking CIGs and farmers to Digital financial service providers and thereby enabling them to access financial services at their doorstep c) Provision of working capital grants to FPOs, building their financial management capacity and develop an FPO rating tool so as to enable them to access financing from SACCOs, Micro Financial Institutions and Commercial Banks. The project will also provide technical assistance to these FPOs and demonstrate a Proof of Concept for enabling access to warehouse financing for these FPOs.

Component-2: Value Chain Ecosystem Investments (100 million USD): This component will focus on supporting enabling ecosystem investments identified as part of county level, regional level (spanning several counties) and national value chain development plans. These investments, aimed at improving irrigation infrastructure availability, boosting market participation of small-farmers and catalyzing higher value addition, will include; a) Investments into market support and value addition infrastructure at county level, b) Water resource management interventions comprising of Farmer led irrigation development (FLID) interventions and investments into water harvesting facilities, c) Enabling investment support for scaled roll out of policies like e-vouchers and WRS within selected value chains and d) Investments towards strong technical assistance and digital integration. Considering the level of operation and potential scale, ecosystem investments have been categorized under two sub-components. In addition to project resources, this component will strongly focus on crowding in relevant investments from ongoing development initiatives, government programs and private sector partnerships.

2.1 Ecosystem investments at county level: At county level, project investments will focus on supporting development of local infrastructure at various levels, enabling small farmers to raise productivity and participate in markets more effectively. These will include hard and soft investments in NRM, water resource management interventions, market linkages and specific market infrastructure development including support for value addition facilities, grading and sorting units and logistics support linked to supported value chains. The county level investment will also include the necessary investments in terms of digital equipment, training and incubation for the development of nearly 1000 Agri-preneurs, most of them being women and youth. As mentioned earlier, these agri-preneurs will be providing bundled services (inputs, extension, credit and market linkages) to farmers at their doorstep through appropriate linkages with the private sector. The component will also provide support for the establishment of county level structures for harmonized delivery of e-vouchers to farmers. In terms of water resource management, this component will support in enhancing access to irrigation for farmers with two broad intervention pathways; a) Investments towards developing water harvesting and water storage facilities such as water pans and improve existing water storage facilities so as to harness excess rain water, esp. in pastoralist regions b) Promoting Farmer-led irrigation development (FLID) with a focus on localities where surface and shallow-groundwater are readily available to farmers. The FLID interventions will be demand-driven and farmers, with information exchange facilitated through their POs, will be presented with opportunities to acquire the right irrigation equipment at affordable prices through partnerships with the private sector, including equipment suppliers, agribusiness off takers and financing institutions



(SACCOs, MFI's etc.). The private sector partners will be encouraged to provide a package of support services including patient capital loans, agronomic advisory services, and in parallel to POs, additional linkages to output markets.

2.2 Ecosystem Investments at Regional and National Level: Investments under this sub-component will focus on supporting activities with regional and national focus. This sub-component will complement investments made under Component-1 and 2.1 by supporting roll-out of the e-voucher program within the specific selected commodity value chains, thereby improving access to quality inputs for project farmers. Investment support under this component will be limited to identified value chains. Additionally, this sub-component will fund value chain focused technical assistance and scaling up of initial partnerships already established with leading Agriculture Tech startups and the county governments. Such a partnership with the private sector will help farmers to access input services, financial services, extension services and market linkages at their doorstep and in a reliable manner. This sub-component will also involve strengthening linkages with the Big Data platform to ensure that the county governments are able to benefit from the agro weather data, agronomic advisories and the market information being collected and disseminated by the platform. Key investments will include (i) Supporting investment on the Big Data platform and agriculture digitization through scale up of the DAT's initiative. The project will also explore the development of an Agri FinTech database to be linked to new or existing digital financing platforms that can support credit rating, scoring and development of innovative financing for farmers and farmer groups (ii) Elaboration and rollout of partnerships with technical support agencies (TSAs) and other best practice institutions to provide strategic support to each value chain; and (iii) Targeted support to national level farmer federations and other keys agencies involved in development of supported value chains. Considering the fact that agriculture is a devolved subject and many value chain activities will require regional coordination, this sub-component will support establishment of requisite coordination and information sharing mechanisms at regional level.

Component 3: Piloting Safer Urban Food Systems (20 Million USD): This component will support roll out of Urban Food System pilots in select urban clusters, focusing on demonstrating a proof of concept for an efficient and safe urban food system. The concept will focus on strengthening the linkages between rural/peri urban producers and urban consumers and increasing value chain integration. Under the component, 2-3 urban clusters will be identified, and project initiatives will be anchored through select FPOs that are close to these urban clusters to address issues of food prices, food safety, and food quality. As part of the pilots, participating farmer groups and FPOs (both in the rural areas and peri urban areas) will be trained extensively on safe food production practices, food traceability, post-harvest management practices, cold chain logistics and hygiene maintenance. Linkages with ag-tech firms supporting end to end traceability will be explored for select commodities in peri-urban areas. The component will also look at addressing value chain inefficiencies through multiple pathways. Firstly, the component will work with select county governments to improve existing fresh produce markets and establish new ones, thus strengthening direct farmer-consumer linkages and generating new agri-business jobs. Secondly, project supported FPOs will be supported to link with digital aggregators and e-commerce platforms like Twiga to eliminate inefficient intermediation layers and enable price advantage for consumers as well as seller farmers. Additionally, the component will support institutional and policy development at county level that supports food security and food safety. Currently, Nairobi County has an Urban Agriculture Promotion and Regulation Act (2015) which was developed in recognition of the potential of urban agriculture to improve food security for urban residents in informal settlements. The starting point for the component is to assess the Act with the aim of supporting its implementation. The component will also assess other existing regulations to determine if there are regulatory barriers to urban agriculture. Using Nairobi County as the example, the component will also support 2-3 other counties in developing similar institutional framework to support



urban agriculture. Strong policy analytics and advocacy to plug critical gaps in enabling environment for safer and more resilient food systems will complement the regulatory reform support. Focus of these policy analytics will be on highlighting issues around urban food safety through investment in produce testing facilities and identifying broader areas for public investments to support safer food systems. The policy advocacy will also focus on identifying relevant incentives for SMEs engaged in urban food systems to adopt best practices in food production, sale and waste disposal. The component will also develop and roll out urban/peri-urban agriculture pilots in select clusters. The roll-out of the pilots will align with ongoing Government of Kenya or other urban agriculture initiatives, which are thriving in Nairobi and other cities. Initiatives to pilot will include promoting commercial urban farming using techniques like hydroponics and sack gardening with an objective of enhanced urban food security while also generating new potential employment opportunities in support services for urban youth.

Component 4: Project coordination and management (20 Million USD) will finance activities related to project coordination and management at national and county levels, including M&E. Knowledge management and Environment & Social risk management. In recognition of the critical role provided by the inter-governmental coordination arrangements provided by the Joint Agriculture Sector Coordination Committee (JASSCOM) and the Council of Governors (CoG) structures for agriculture sector coordination, a provision is also made to support strengthening of the capacity of these important structures. Environmental and social safeguards staff both the national (National Environmental and Social Safeguards Officers) and county level (Country Environmental and Social Safeguards Officers) will be retained to oversee environmental and social risk management in the project. These will be supported by environmental and social experts that will be hired to support development of required safeguards instruments at national and county level such environmental and social impacts assessment of sub-projects.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Project will be implemented in about 20 to 30 counties in the Country guided by select 6-8 commodities for intensive investments along the value chain. The Project will finance activities to support up to 500,000 existing farmers with a majority being small scale farmers. The project is expected to benefit several value chain actors at various levels including extension workers, aggregators, logistics support providers and SMEs operating within the value chains. The Project beneficiaries will be from the different agro-ecological zones in Kenya.

About 20 to 30 counties covering all the eight former provinces of Kenya will be selected by appraisal. Generally, the counties to be selected will cover diverse geographical and ecological regions as well as climatic conditions and land forms, which will be determined by appraisal. However, in all counties, no sub-project will be implemented in areas of biological or ecological significance. The ESMF will include an environmental and social screening form that will guide the screening and selection of sub-projects to ensure that no sub-project is implemented in an ecologically fragile and or protected area. It is expected that all micro-projects and multi-community investments under components 2 and 3 will be sited on either privately-owned land (i.e. land owned by a PO) or communal land set aside for that purpose. As such, physical or economic displacement / relocation of community members is not envisaged. The project may include counties with insecurity and conflict issues given the perennial inter/intra community conflicts and terrorism on the North and North Eastern part of the country and host refugees in the Country (Garissa, Wajir and Turkana counties).



The activities under Component 1 are largely soft activities including building capacity of farmer groups through micro-investments aimed at TIMPs for enhanced productivity and resilience; supporting CIGs with micro project investments through the established structures of the CDDCs; building aggregation and market participation capacity of farmers through stronger FPOs; and facilitating FPOs to access to high quality inputs through institutional linkages with suppliers, extension services. All community micro-projects will be screened for environmental and social and will develop ESMPs to guide management of identified risks and impacts.

The types of activities to be implemented under Components 2 and 3 will be determined at appraisal. However, these will broadly include investments in hard and soft natural resource management (NRM) activities, developing water harvesting and water storage facilities (e.g. water pans), improving existing water storage facilities and FLID in localities where surface and shallow-groundwater is readily available to farmers, installation of bulking and processing plants (e.g. milk cooling and processing plants, etc.); development of market infrastructure including value addition facilities, grading and sorting units and logistics support linked to supported value chains (Component 2.1), and investments in produce testing facilities (Component 3). For each of these investments, detailed engineering designs will be developed along with relevant ESF instruments.

Under the component 3, 2 to 3 urban clusters will be identified to be linked with a) the FPOs and the peri urban agricultural chains. Key activities will include training of farmers groups and FPOs on safe food production practices and traceability; training of FPOs and SMEs on post-harvest management practices, cold chain logistics and hygiene maintenance; linking farmers with consumers through establishment of farmer markets etc. Apart from establishment of testing facilities and construction of farmer markets, none of the activities will result in any significant environmental and social impacts.

The project may include a CERC component going forward, however the eligible activities will not be determined by Appraisal.

D. 2. Borrower's Institutional Capacity

The Project will be implemented by the Ministry of Agriculture, Livestock, Fisheries and Cooperatives (MoALFC) through the existing National Agriculture Rural Inclusive Growth Project (NARIGP) National Project Coordinating Unit (NPCU). MoALFC has experience in implementing World Bank financed Projects under the safeguards policies that include the NARIG, the Kenya Climate Smart Agriculture Project (KCSAP), Regional Pastoral Livelihood Resilience Project (PRLRP) and the Kenya Emergency Locust Response Program (ELRP). The NARIG NPCU has qualified and experienced environmental and social safeguards staff and who will be supported by environmental and social focal points at the respective County Project Coordination Unit (CPCU) that are supporting both NARIGP and KCSAP. Also, both the national and county teams have the knowledge and experience in undertaking environmental and social assessments for various typology of Projects and in developing and implementing safeguards instruments specially ESIA/ESMPs and PMPs. However, the NARIGP safeguards teams specifically have no prior experience for preparing and implementing Projects based on Environmental and Social Framework (ESF). During project preparation the NPCU will conduct a systematic environmental and social capacity assessment and develop a structured E & S capacity building plan to close any capacity gaps identified at both national and county levels. In addition, Bank will conduct targeted capacity building for both the NPCU and the CPCUs that will participate on the Project on the ESF among other trainings aimed at building the NPCU and CPCU capacity in environmental and social risk management and relevant ESF requirements. NPCU will engage the services of an experienced consultancy firm and individual experts to support preparation of required ESF instruments for the project. .

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS



A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The environmental risk rating is assessed as substantial. While the potential environmental risks and impacts from the Project activities are expected to be medium in magnitude, , temporary, site specific, predictable and reversible. The Project will cover significant geographical area (exact countries to be determined by appraisal)and thus making the risk rating substantial. The component will also support other value chain upgrading investments targeted at addressing any gaps identified along all the segments of the value chain for the selected commodities. During implementation of the micro-projects and multi-community investments (under components 2 and 3), these activities are likely to result to potential negative environmental risks and impacts that include soil erosion and soil water pollution, dust emissions, community health and safety risks and occupational, health and safety (OHS) risks, generation of hazardous and non-hazardous wastes as well as nd potential use of pesticides. These impacts are expected to be temporary , site specific , reversible and easy to mitigate. It is anticipated that the Project will result to positive environmental impacts that include soil and water conservation practices. The potential negative environmental risks and impacts associated minor construction activities financed under this Component 2 include: (i) air pollution, (ii) soil and water pollution; (iii) community health and safety; (iv) occupational, health and safety; and (v) generation of hazardous and non-hazardous waste. These impacts are expected to be temporary, site specific , predictable , reversible and easy to mitigate. The e-voucher program is expected to result to negligible environmental risks and impacts. Instead will contribute use of quality farm inputs i.e. through soil testing.

Component 3: This component will support roll out of Urban Food System pilots in select urban clusters. The potential negative environmental risks and impacts are associated with the solid waste generation from the spoilt farm produce delivered to the urban centers through the value chains as well as processing. Risks associate with cold chain management include lack of inadequate electricity, human errors and breakage in cold chain management. These may result in product quality concerns including losses due to spoilage in storage/ transit. Given that the sub-projects have not been identified at this stage in Project Preparation, the Project will prepare Environmental and Social Management Framework (ESMF), to provide guidelines and procedures for assessing environmental and social risks and impacts during implementation. Each micro-project infrastructure investment will develop environmental and social management plan to guide management of identified risks and impacts. The project may include a CERC component going forward, however the eligible activities will not be determined by Appraisal. The ESMF will require to be updated as per the eligible activities under the CERC component when identified.

Social Risk Rating

Substantial

The social risk rating is assessed as Substantial. This is mainly due to the vastness of the target area. In addition, although the NPCU team has the capacity to implement the project, would require learning from other projects in developing and implementing Environment and social standards (ESSs) of the WB. However, there are already mitigation measures in place including the presence of social safeguards officers on the NPCU, functional grievance management system, and a broader understanding of managing social risks on WB funded projects. The overall project aim is to enhance incomes for 500,000 largely small scale farmers in various counties in Kenya by intensifying value chain investments along select 6 to 8 commodities. It is anticipated that 50% of these farmers will be women. Targeting a high number of women farmers will have a positive impact on their incomes and on the food and nutrition status of households. The key challenge for the project would be to ensure that the women are meaningfully engaged in the project and that they accrue the project benefits. In addition, participation of women

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may be challenged with low literacy levels and limited access to land which is a key resource for the project.

Component 1: Building Producer capacity for stronger value chains: the project will build the capacity of farmer groups through micro-investments for enhanced productivity and resilience. There are several social risks associated with these activities, including: (i) elite capture – there is a likelihood that more connected people may get involved and push the poor and vulnerable farmers (including VMGs) to the periphery; (ii) discrimination of women from accessing the services given their low literacy levels and limited access to land, which is traditionally owned by men in most communities; (iii) inadequate consultations given the fact that most of the activities will be channeled through the FPOs and CIGs; it is possible that disadvantaged and vulnerable farmers (those from marginalized communities) may not fully benefit from the project investments. (iv) insecure land tenure constraining investments on land for better production or commercial farming. There is risk of gender-based violence (GBV) on the project. Although support to farmers will be channeled through FPOs and CIGs, but there is a possibility of women being asked for favors by leaders of these organizations to access services.

Component 2: Value Chain Ecosystem Investments : The negative social impacts that could arise from these activities are: (i) conflict between and among communities due to site selection and investments; (ii) inadequate consultations with the local populations due to the vastness of the areas being targeted by the project; (iii) inadequate input into the selection of value chains and sites for infrastructure investment; (iv) interruptions in production and livelihoods – some farmers may shift production towards the commodities being supported by the value chain development; and (v) community health and safety (as outlined above under the Environmental section). The social risks associated with component 3 include: (i) selection of the beneficiaries given the diversity of urban settlements; (ii) elite capture of the investments; and (iii) exclusion of disadvantaged and vulnerable groups from participating and benefiting from the investments. These risks will be mitigated through implementation of the Stakeholder Engagement Plan (SEP) to be prepared for this project. The SEP will outline the key stakeholders (including VMGs, female headed households, and people with disabilities), the communication and information flow, grievance management, and monitoring and reporting. The Project will prepare an ESMF that will provide guidelines and procedures for assessing environmental and social risks and impacts during implementation following the identification of the subprojects. The project will also prepare VMGF and RPF.

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B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project is financing activities that will have positive impacts and benefits to the areas and local communities that will participate on the Project. These will include: (i) creation of employment opportunities; (ii) increased agricultural incomes and competitiveness through crop diversification, value addition and remunerative marketing; (iii) improved skill base of farmers; (iv) improved natural resource management; and (vi) reduced GHG emission. It is also anticipated that the Project will result to positive environmental impacts that include soil and water conservation practices.

During implementation of the micro-projects and multi-community investments, these activities are likely to result to potential negative environmental risks and impacts that include soil and water pollution, dust emissions, community health and safety risks and occupational, health and safety (OHS) risks, generation of hazardous and non-hazardous waste and potential use of pesticides. These impacts are expected to be temporary , site specific , reversible and easy



to mitigate. The potential negative environmental risks and impacts associated minor construction activities financed under this Component 2 include: (i) air pollution, (ii) soil and water pollution; (iii) community health and safety; (iv) OHS; and (v) generation of hazardous and non-hazardous waste. These impacts are expected to be temporary, site specific, predictable, reversible and easy to mitigate. Other impacts include the solid waste generation from the spoilt farm produce delivered to the urban centres through the value chains. Under Component 3, risks associated with cold chain management include product quality deterioration from breakage in cold chain management. This risk will be mitigated through training on cold management practices, supporting preparation of cold management plans, and supporting to acquire cold management equipment including fridges/ deep freezers.

Given that the sub-projects have not been identified at this stage in Project Preparation, the Project will prepare Environmental and Social Management Framework (ESMF), to provide guidelines and procedures for assessing environmental and social risks and impacts during implementation.

Targeting a high number of women farmers will have a positive impact on their incomes and on the food and nutrition status of households. The key challenge for the project would be to ensure that the women are meaningfully engaged in the project and that they accrue the project benefits. In addition, women may be challenged with low literacy levels and limited access to land which is a key resource for the project.

The social risks associated with this project include: (i) selection of the beneficiaries given the vast geographical area and diversity of urban settlements; (ii) elite capture of the investments or controlled access to products; (iii) exclusion of disadvantaged and vulnerable groups from participating and benefiting from the investments such as selection of value chains that do not recognize the traditional practices. (v) conflict among the farmers due to distribution challenges; and (vi) limited access to outlets/extension support services/benefits especially in the far flung counties; and (vii) insecure land tenure constraining investments on land for better production or commercial farming.

The negative social impacts that could arise from the construction activities are: (i) conflict between among communities due to site selection and investments; (ii) inadequate consultations with the local populations due to the vastness of the areas being targeted by the project; (iii) inadequate input into the selection of value chains and sites for infrastructure investment; (iv) interruptions in production and livelihoods – some farmers may shift production towards the commodities being supported by the value chain development; and (v) community health and safety.

Given the fact that most of the activities will be channeled through the FPOs and CIGs; it is possible that women due to gender norms and disadvantaged and vulnerable farmers (those from minority and marginalized communities) may not fully participate in the decision making process at the community level..

There is also risk of increased cases of gender-based violence (GBV) due to the project. Although support to farmers will be channeled through FPOs and CIGs, but there is a possibility of women being asked for favours by leaders of these organizations to access services. Indirectly, the project might lead to GBV at the household level depending on who has access to the project benefits such as voucher and utilization of the inputs once purchased at the household level or participation of women in decision making process and project activities that may not align with gender norms in certain communities.

At project level a social assessment will be conducted to identify the above social risks and barriers and proactive ways to overcome them, particularly with respect to women, land tenure, and vulnerable groups. Some of the communication strategy and technical assistance being provided, and even criteria for selecting grantees and digital services, could then target these barriers and favor vulnerable groups specifically. The project may include counties with insecurity and conflict issues given the perennial inter/intra community conflicts and terrorism on the North and North Eastern part of the country and Counties that host refugees in the Country (Garissa, Wajir and Turkana).



In case of any of the host refugee counties are selected to participate in the Project, any potential conflict/security risks will be assessed as part of social assessment for the relevant counties and management measures shall be prepared to address these risks. Also the approach towards Refugees and Internally Displaced People in general will be outlined. A security risk assessment will be carried out and security management plan developed in the context of this Project.

The MoALFC will prepare the Environmental and Social Management Framework (ESMF) with an annex of the Integrated Pest Management Framework (IPMF) and Security Management Plan (SMP), the Stakeholder Engagement Plan (SEP), the Labour Management Procedures (LMP), Resettlement Policy Framework (RPF), Gender Based Violence (GBV) Action Plan and the Vulnerable Marginalized Groups Framework (VMGF) prior to appraisal. The ESMF will set out the principles, rules, guidelines and procedures for assessing the environmental and social risks and impacts associated with the project. It will also specify measures and plans to reduce, mitigate and/or offset adverse risks and impacts, outline provisions for estimating and budgeting the costs of such measures, and provide information on the agencies responsible for addressing project risks and impacts, including on their capacity to manage environmental and social risks and impacts. Further, the ESMF will specify information on areas where the individual subprojects/ investments are to be sited, including any potential environmental and social vulnerabilities of the areas, and the potential impacts that may occur and mitigation measures that might be expected to be used. These environmental and social risk management tools will be prepared prior to appraisal. During Project implementation the Borrower will prepare sub-project site specific Environmental and Social Impact Assessments (ESIA)/or Environmental and Social Management Plans (ESMPs), Pest Management Plans (PMPs) and RAPs as required in the event of any economic displacement or land acquisition.

Areas where “Use of Borrower Framework” is being considered:

Borrower framework will not be used.

ESS10 Stakeholder Engagement and Information Disclosure

A Stakeholder Engagement Plan (SEP) will be developed for this project. The SEP will identify the key project stakeholders (building on the current partnerships on NARIGP and KSCAP while taking on board all new partners for this project (including FPOs, CIGs, among others). A structured approach will be established to engage with stakeholders through out the project life cycle that is based on meaningful consultations and disclosure of appropriate information, considering the specific challenges associated with a vast geographic coverage. A detailed plan will be rolled out for hard to reach areas and vulnerable and marginalized communities as part of the Project’s communication and outreach strategy.

The Communication strategy would also require to focus on challenges in women farmer participation and gender norms in the community from the perspective of Behavior change.

Provisions will be made to reach VMGs and other marginalized populations (PWDs, female and child-headed households) with information on the project and consult with them in a culturally appropriate manner. It is anticipated that during the process of identifying FPOs and CIGs, efforts will be made to ensure that farmers who might be left out of the project are prioritized and supported to join groups to access project support. The allocation of e-vouchers will also ensure that the outlets are accessible to all farmers.



Stakeholder engagements are being engaged to receive feedback on the broad project description and potential Environmental and Social risks of the project. Another stakeholder consultation would be organised on the draft SEP and other Environmental and Social instruments being prepared prior to Appraisal. All E&S instruments will be disclosed at location and language accessible to public.

The NARIGP and KCSAP have put in place GM systems with multiple channels of communication (phone line, SMS, WhatsApp, and in-person reporting) that will be strengthened to manage project-related complaints. The grievance mechanism will include a specific pathway for the GBV/SEA/SH should those arise during the project. The GM system will also be linked to the County GRM system that has been supported by the World Bank under the KADP process. All staff and partners involved in the project will be sensitized on the GM.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

For Component 1, 2, 3 and 4, the MoALFC, the beneficiary county governments and other government agencies will assign workers who will provide technical expertise to the operation. There would be direct workers such as Consultants who would be brought to support the Project on specific deliverables, the project will prepare LMP to guide the use of workers on the project, identify risks and outline OHS requirements for project implementation. The Project will involve the use contracted workers in the construction of minor works and the use of Government civil servants in the management and supervision of project activities. The project will also use community workers engaged by the FPOs and CIGs for farm level community based activities. There will be two types of community workers: (i) community workers that will provide labour as in kind contribution to the sub-projects to ensure ownership and sustainability; and (ii) youths employed under the multi-community investment window that will work in restoration of degraded lands, construction of water pans/sand dams, establishment of small-scale irrigation canals, and other sustainable land management activities, the latter group of community workers will be remunerated as per the national laws and will sign code of conduct. The potential sub-projects and number of community workers have not been identified. For unremunerated community workers, LMP and ESMF will address 1) process to document voluntary participation; 2) working conditions particularly OHA; and 3) no disadvantage to those who are not able to participate (elderly, disabled, women, etc.). The LMP, which will apply to all project workers, will specify the the use and flow of different cadres of workers, before the commencement of project activities. During Implementation of project activities, the respective Contractors will prepare Occupational Health and Safety (OHS) plans and the Community Health Management Plans as part of their Contractor-specific Environmental and Social Management Plans to manage related risks.

Moreover, all government staff, Consultants and Contracted workers will sign a code of conduct (CoC) in relevant languages, acceptable to the Bank, to mitigate the risk of GBV/SEA or misconduct in the workplace and in contact with community members. They will also ensure that national labor-related laws are upheld, such as public service act, labor law, public health provisions, and public service human resource policy et al and institutional roles related to enforcement of the laws, and recruitment, discipline, appraisals and dismissals. A redress mechanism for work-related grievances will be provided to project staff and consultants, with necessary considerations for confidentiality and whistle-blower protection.



There will be specific provisions in the LMP on the prevention of spread and management of COVID-19 at the work sites and during interactions with the communities during consultation sessions based on the guidance and protocols provided by the Ministry of Health (MoH) and the World Health Organization (WHO).

The IPMF that will be part of the ESMF and will guide the project on the management of the OHS risks from use of pesticides by farmers and pastoralist as stipulated on the Kenya law (OSH Act) and the World Bank Group General and Annual Crop Production EHS guidelines as well as OHS risks associated with vaccinations and cold chain management.

ESS3 Resource Efficiency and Pollution Prevention and Management

The project will finance procurement of agricultural inputs that will include pesticides. The pesticides may include both synthetic chemical pesticides and biopesticides and equipment to support the application of the pesticides and livestock vaccinations. Thus, as part of the ESMF the Project will prepare IPMF to provide guidance and procedures on the use of pesticides during implementation. The results of environmental and social risk screening of proposed project activities will advise on whether there are anticipated risks related to water (e.g. potential for high water demand), raw materials and energy use; and how risks of air pollution and waste generation will be handled. While the sub-projects/ investments under the project are expected to result in reduced GHG emissions, the exact GHG emission reduction to be accrued will be determined at appraisal. Furthermore, the project safeguards officers will be trained on integrated pest management and ways to monitor and report on implementation of PMPs.

ESS4 Community Health and Safety

The implementation of Components 1 and 2 may lead to various risks that will have negative impacts on the health and safety of communities. These include (as outlined in the Environment section above): soil and water pollution, dust emissions, generation of hazardous and non-hazardous waste and potential use of pesticides for farming. The project will ensure that mitigation measures are put in place and implemented through the IPMF which will be part of the ESMF. There may be outbreak of diseases among farm animals, livestock and crops that may lead to infections to human. Communities will be consulted before and during the project implementation to ensure that they understand the impacts and are well informed about the prevention measures including vaccination for livestock.

In line with safety provisions in ESS4, it is important to ensure the safety of communities from exposure to COVID-19 and other infectious diseases including HIV/AIDS. There is high possibility of exposure of beneficiary communities and sub-projects workers to risks of Covid-19 and HIV/AIDS infestation. Thus, efforts will be made to sensitize communities on Covid-19 and control measures. The specific safeguards instruments (ESIA/ ESMPs, PMPs) will provide the exact actions and measures to be implemented during community consultations and project construction and operational phases to limit risk of exposure to Covid-10. Similarly, contractors hired to undertake various works under component 2 and 3 will be required to sensitize communities and workers on HIV/AIDS, among other control measures.

There are additional risks of GBV/SEA that may extend to communities being served by the project. To mitigate this, a simple GBV/SEAH action plan as part of the ESMF that shall include actions such as the community will be sensitized



on the grievance mechanism and encouraged to air complaints via the multiple channels availed by the project and . Communication activities under the project would require focusing on behavior change communication around harmful gender norms and increased participation of women. The project monitoring activities will also focus on the community health and safety issues and address any emerging challenges during the implementation. Given the Project will be implemented in North and North Eastern parts of the Country which have perennial inter/intracommunity conflicts based on competition for natural resources and frequent attacks from the Al Shabab terrorist that cross the border from Somalia. The project will conduct Security Risk Assessment and prepare fit for purpose Security Management Plan (SMP) as part of the ESMF).

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Component 2 on Value Chain Ecosystem Investments aims to support investments in highly relevant multi-community investments in National Resource Management (NRM) and market infrastructure development directly linked to supported value chains. The component provide support for the establishment of county level structures for harmonized delivery of input subsidies to farmers (under the NVSP). Although it is anticipated that some of the support will require land (e.g. for market infrastructure), the project team does not anticipate heavy investments in land that would lead to significant physical or economic displacement. Most of the land under community use/collective ownership is not yet registered in Kenya. Also in absence of clear records establishing private or public ownership of land requires time and involvement of National Land Commission. The Counties will be required to use private or community land proposed by the respective beneficiary farmer or the respective beneficiary community interest group (CIG) for their own benefit. This will be done through documented Community agreement process. The process of selection of sub projects will exclude any physical displacement or loss of assets as the size of the physical infrastructure to be built will be small. This requirement will be observed and land ownership confirmed before approval of any of the subprojects. The need for preparation of A Resettlement Policy Framework will be prepared determined by appraisal and will be prepared subsequently if required that 1) define the screening process; 2) ensure that farmers and entities participating in the project have tenure of the land to be used and are not displacing other users of the land; 3) if land is to be donated or voluntary sold, the process and transaction fulfill the requirements of ESS5 VLD and are well documented. The RPF would also provide guidelines to address livelihood interruption impacts and preparation of. RAPs as required in the event of any economic displacement or land acquisition.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevance of this ESS will be further assessed during Project preparation and as part of the ESA process. However, it is expected that the project will not support sub-projects that are located in sensitive ecological areas and or protected areas. The ESMF will have an environmental and social screening tool that will be used screening the proposed sub-projects and will ensure that no sub-project is sited in an ecologically fragile and or protected area. Since no sub-project will located in areas of ecologically sensitive or protected areas, risks related to sustainable management of living natural resources and primary supply of natural resource commodities are not anticipated.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Due to the high number of counties targeted by the project (30), the investments will affect people meeting the criteria of ESS7 in some of the counties (referred to as VMGs in Kenya). This project will develop a VMGF by appraisal



to ensure respect for human rights, dignity, aspirations, identity, culture, and livelihoods of SSAHUTLC and to avoid adverse impacts on them or, when avoidance is not possible, minimize, mitigate or compensate for such impacts. VMGF will determine if the free prior and informed consent is required. Also include consideration of VMGF specific modules using adaptive approaches that rely on their practices, traditional knowledge and practices. Special attention should be given to developing digital and innovative modules for pastoralists, and/or supporting VGM led organizations that may want to develop niche products. VMGF will also outline the process of preparation of VMGFs at county level at the time of selection of micro projects annually.

The social specialists in the NPMU will work closely with the project communication team to ensure that the communication and outreach activities outlined under ESS10 are rolled out and they reach all the targeted populations. As required, separate meetings with the minority groups through their leaders should be organized that is considerate of their language and cultural norms. The project will ensure that VMGF communities are informed about the project impacts and benefits in the language and communication channels as appropriate; and that they share in the benefits in an inclusive and culturally appropriate manner. The GM details will be shared with the VMGF communities and appropriate measures put in place to ensure that the members are able to channel their complaints and receive feedback in a culturally appropriate and timely manner.

The SEP, ESMF and VMGF will provide additional provisions on ESS7.

ESS8 Cultural Heritage

Minor construction works have been proposed under Component 1, 2,3 there is the potential for chance find of cultural or archeological significance during construction. The ESMF will cover risks associated with intangible cultural heritage (such as disruption to religious/cultural festivity in the community by civil work), adequate measures will be carried out including meaningful consultations with the relevant stakeholders and documentation and protection of the identified intangible cultural heritage. Subproject specific ESMFs will address these issues through the inclusion of chance find procedures and site-specific mitigation measures.

ESS9 Financial Intermediaries

The Project will not involve FI, thus the ESS is not relevant.

B.3 Other Relevant Project Risks

Some of the northern counties in Kenya bordering Somalia experience insecurity and conflict issues. Hence rolling out of the project activities would require to be sensitive and cognitive of the the conflict situation in these counties and mitigation plan would need to be prepared proportionate to the risks.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

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III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

Common approach will not be considered.

B. Proposed Measures, Actions and Timing (Borrower's commitments)

Actions to be completed prior to Bank Board Approval:

- Stakeholder Engagement Plan (SEP)
- Environmental and Social Management Framework (ESMF)
- Security Management Plan (as part of ESMF)
- Simple GBV/SEAH action Plan (as part of ESMF)
- Labour Management Procedures (LMPs)
- Resettlement Policy Framework (RPF)

Vulnerable Marginalized Groups Framework (VMGF)

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

- Site specific Environmental and Social Impact Assessment (ESIA) /or Environmental and Social Management Plans (ESMPs)
- Site specific Resettlement Action Plans
- Vulnerable and Marginalized Group specific Plans at County level (Annually).

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

01-Dec-2021

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VI. APPROVAL

Task Team Leader(s):	Vinay Kumar Vutukuru, James Muli Musinga, Sheila W. Kamunyori
Practice Manager (ENR/Social)	Iain G. Shuker Recommended on 18-Aug-2021 at 17:08:23 GMT-04:00
Safeguards Advisor ESSA	Peter Leonard (SAESSA) Cleared on 27-Aug-2021 at 12:15:58 GMT-04:00

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